HUMAN EVENTS

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Spring in the GOP: The beginnings of what may well prove a revolutionary development in the Republican party took place last week. Those who watched it from the sidelines referred to it as a "Runneymede," a potential re-establishment of the power of the Legislature against the growing pretensions of the Executive and Judiciary.

Specifically, the Republican Finance Committee granted permission to the Republican Senatorial and Congressional Committees to hold a testimonial dinner June 8 (in Washington's Sheraton Park Hotel, $100 a plate) to raise campaign funds for members of Congress. The decision was reached amicably and does not signify a break with the National Committee. Actually, it was recognition of the fact that the bulk of campaign contributors no longer want to contribute to the National Committee, preferring to see their gifts go directly to candidates for the Senate and House. Previously, the major part of such contributions was taken by the National Committee, with the Senate and House campaign groups getting what was left over. (For inquiries: Testimonial Dinner Committee, Room 402, Congressional Hotel, 300 New Jersey Ave., SE, Washington 3, D.C.)

Nor is that all. It has not yet been announced, but it is well known within the GOP ranks that the members of the Senatorial and Congressional Committees (headed by Senator Goldwater and Representative Simpson, respectively) are busy writing their own statement of principles and platform, upon which GOP legislators will run for re-election, and on which (presumably) new candidates will seek to oust incumbent Democrats. In short, two steps towards independence by the Legislative branch of the party.

All this—to those who know the score in the Capital—could well add up to more than money-raising and campaign drives. It may constitute a revival of conservative Legislative power after a generation of Executive encroachment—if prominent Republicans get strongly behind the promising new movement, symbolized by the June 8 rally.

In a party sense, this holds promise of mending the line between the precincts all over the country and the Nation's Capital—a line broken and trampled upon by the Sherman Adams regime, from 1953 to 1958. The faithful in the precincts, discouraged by failure to get money, recognition and patronage from the National Committee, now have an opportunity to take on new life and to escape the abject condition which produced last November's defeat.

This trend is not unique. A similar revolt of legislators has been under way in the Democratic party. Leaders Johnson and Rayburn defied Democratic National Chairman Paul Butler when he sought to override them with his non-congressional "Democratic Advisory Council." Johnson and Rayburn, despite their "liberal" inclinations, know better than to subject the party in the Legislature to a gang of ADA intellectuals, when they realize they must heed popular pressures focused on individual members of Congress. (They had reason to discover this on the spending issue—see "Inflation" item, page 3.)

What Democratic leaders have long realized—but what many GOP leaders have forgotten—is that the power is in the people at the precinct level; that the party must be built up from the bottom, not infused with power magnanimously granted from the top. The emerging independence of Goldwater and Simpson, representing the men who, by their legislative records, will set the terms on which the party will run in 1960, should fortify the new movement. These leaders long opposed the "Caesarism" of Sherman Adams, the ignoring and down-grading of the party ranks in favor of one leader, that marked the last six years.

At the same time as this resurgence of congressional spirit, the new and controversial GOP National Chairman, Senator Thruston Morton, startled and dismayed party leaders by his remarks in a TV interview. He said, in effect: (1) the Republicans cannot win the Senate in 1960; (2) the President will lose his fight for a balanced Budget; (3) there will be a fight between Nixon and Rockefeller for the nomination in 1960.

Democrats, ever since these extraordinary utterances, have been gleefully taunting Republicans on Capitol Hill. GOP leaders comment: In the first place, a party chairman is the leader of a constant forensic war in which he cannot admit defeat. Granted a bad situation in the Senate, no National Chairman should ever throw in the sponge, at any time, soon or late. Second, the President has tapped a big reservoir of strength by his fight for a balanced Budget, and Democratic leaders are already backing down before the strong sentiment that has rallied to Ike's cause. Morton's statement can only serve to dilute this new-found Presidential strength.

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Third, a National Chairman should be neutral and should never by word or innuendo contribute to a split in the party. By predicting a fight between Rockefeller and Nixon he has helped the Democratic cause; such a battle is not inevitable, and Rockefeller has very correctly been confining his attention to the New York Governorship. Alluding to Morton, Nixon's friends say: *"et tu Brute?"*

The GOP pros in Washington and elsewhere are aghast at what they call the ineptitude of Morton's statements. "Inadequate as Alcorn was, he was a genius compared with this man," is one remark heard in the cloakrooms. Old pros remark that never in the history of the Republican party have such bloopers been committed by a National Chairman.

Dulles Remains: Puncturing the gas bag of "liberal" Democratic boosting for Christian Herter, Ike startled the Capital by abruptly appointing ailing John Foster Dulles as "Special Foreign Policy Consultant," both to the White House and the State Department, and by making a special trip from the White House to the Army Medical Center to bestow this honor on Dulles. The President summoned a number of Administration officials (including Herter) from their work to accompany him to Dulles' hospital room. Dulles responded by promising to do all he could to help the Nation attain a "just and honorable peace." It was emphasized that Dulles would have Cabinet status.

This unprecedented action by the President has moved veteran observers to search their memories, and they come up with the verdict that no President has ever appointed such a general supervisor of our foreign policy. They interpret this to mean that, despite Senator Fulbright's extravagant eulogy of newly named Secretary of State Herter, Ike feels it necessary to have at his elbow and overlooking the State Department somebody who can lead Herter by the hand through the mazes and pitfalls of our foreign relations.

Labor Front: In the voting on Senator John McClellan's "bill of rights" amendment to the labor bill last Wednesday, the old coalition of Southern and Northern conservatives showed signs of its former vigor. All Republicans in the Senate (save Langer of North Dakota and Javits of New York) rallied to back the Arkansan's measure. Two Northern Democrats joined them—Dodd of Connecticut and Lausche of Ohio; also, from the southwest, Chavez of New Mexico voted "yes."

The Southern Democrats were split. Voting for McClellan's proposal to halt the tyranny of the labor bosses were Byrd (Va.), Eastland (Miss.), Ervin (N.C.), Fulbright (Ark.), Holland (Fla.), Jordan (N.C.), McClellan (Ark.), Russell (Ga.), Smathers (Fla.), Stennis (Miss.), Talmadge (Ga.), Thurmond (S.C.).

Joining the mass of Northern Democrats opposing the measure denounced by the labor bosses were the following Southerners: Ellender and Long (La.), Gore and Kefauver (Tenn.), Hill and Sparkman (Ala.), Johnston (S.C.), Johnson and Yarborough (Texas).

Outstanding figures in this contest—which the conservatives won, 46-45, on a motion to reconsider (with Vice President Nixon providing the deciding vote)—were two men who drew special notice:

Senator McClellan, himself, not only placed principle above party, but also above personal associations. He broke with his old friend and leader in the Senate, Lyndon Johnson. He also broke with Senator John F. Kennedy, whose friendship—it is believed—led him to go lightly on Walter Reuther in last year's Rackets Committee hearings.

The other figure rising above the fray was Democratic Senator Thomas J. Dodd of Connecticut. Although his state is heavily industrialized and unionized, Dodd had the courage to vote his convictions, backing McClellan's measure. He also broke with Johnson, the leader of the Democratic party in the Senate.

Recently, Dodd also took a strong stand against appeasement of communism in a notable speech on the floor of the Senate—thus setting himself apart from the wheel horses of his own party. Dodd—if he continues in this vein—will take his place beside Lausche of Ohio as an authentic independent Democrat.

Nixon: Danger to Nixon's bid for the Presidential nomination next year does not appear to be on the rise. True, many little groups have sprung up here and there across the country to boost Rockefeller. But, as a poll of GOP national committeemen recently showed, Nixon has an overwhelming support in the party. That, it is granted, may in part be due to "fear of the heartbeat"—that is, if Ike should die or have to retire, Nixon would immediately assume control of the party hierarchy; as a result, the career of anti-Nixon politicos would end. (See HUMAN EVENTS for December 15, 1958.) But this explanation can be overdone. Whatever the original motive, pro-Nixon politicos get accustomed to rooting for the Vice President and as time wears on become more closely wedded to his fortunes.

However, other dangers to Nixon have arisen. Observers in Washington fear that when Ike decided to send Nixon on a trip to Moscow this summer, he did the Vice President no good. Such a visit to the Communist capital could prove a trap. Nixon presumably would have an interview with Khrushchev and voters here would compare the occasion to Senator Hubert Humphrey's interview last December (which has left many lingering suspicions of the Minnesotan).

Another danger has loomed. Earlier this month, Nixon delivered a speech which—as reported—indicated the Vice President advocated changing the "American protection" clause in the 1946 bill authorizing the US to join the World Court. That clause insured that the US has the right to decide whether cases before the International Court are domestic or international. Nixon apparently wanted this removed so that the World Court could determine the question of "international" and "domestic" jurisdiction. (See "Bricker Amendment" item, April 8, 1959.)

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Reaction among many followers of Nixon who saw the news story covering his speech was instantly negative. In Washington, many delegates to the GOP Women's Federation, who said they had been Nixon supporters, were sharply adverse. Within a few days, Nixon in another speech seemed to back away from his originally reported stand. Washington observers take a dim view of such incidents, saying that any more will badly weaken Nixon's grass-roots conservative base. And they ask: who has been advising Nixon on such matters? Are the "liberals" infiltrating his camp?

Inflation: One of the most impressive stories of grass-roots action circulating in the Capital in recent weeks is that of the swelling campaign against inflation and big spending. The drive has already shown important results, as the "liberal" Democrats in control of Congress rein in their efforts to promote big-spending schemes.

Leadership early in the anti-spending campaign was supplied by the Sound Dollar Committee, a nonpartisan group of business and professional leaders, which ran a full-page newspaper ad in many leading journals, urging a halt to inflationary legislation (see HUMAN EVENTS for March 18, 1959). The advertisement to date has been picked up and run in 70 newspapers across the country.

A similar effort is being conducted by the Institute of Life Insurance, which is running large anti-spending advertisements, declaring inflation to be "the cruelest tax of all."

● Deemed the most effective onslaught against the spenders is the all-out campaign being waged by the Chicago *Tribune*, to alert its vast readership to the dangers of unchecked spending. The *Tribune* campaign has included a coordinated series of articles and editorials explaining the harmful effects of inflation, and a contest to elicit the personal experiences of those hurt by the dollar's loss in buying power. The real punch in the campaign is supplied by two-page advertising spreads, containing clip-out letters for readers to sign and mail in to their Senators and Congressmen. The letters urge an end to waste and big government, and tick off the areas in which inflation hurts the sender. Congressmen and Senators from the *Tribune's* readership area say that their desks groan with the clippings. To date, the volume of mail to "Chicagoland" Senators alone is estimated at 75,000 letters, with more on the way. The deluged legislators have turned to various expedients to quiet their clamoring constituents; left-wing Senator Vance Hartke of Indiana, for example, has his staff at work turning out autotyped form letters to answer complainants.

Castro: Cuban dictator Fidel Castro, lifted to power largely by the efforts of leftist elements in the United States, continues to pile up entries in the deficit column. Now exercising anti-Communists in the US are Castro's threats of overthrowing the regime of Dominican ruler Rafael Trujillo, the Caribbean's remaining anti-Communist strong man. If Trujillo goes down, the Caribbean will be in effect a "Red lake," controlled by Castro and his lookalikes in the banana republics.

Speaking at Princeton University last week, Castro declared his intention of helping—by all steps "short of war"—to "liberate" the Dominican Republic. Castro's words confirmed the reports circulating in the Capital that a concerted movement is afoot to overturn Trujillo, and that Castro is behind it.

The anti-Trujillo move, some legislators observe, exposes Castro's pro-Red game as effectively as do the records of his Communist-lining associates, Raul Castro and "Che" Guevara. For, it is observed, a sincere reformer concerned to untangle the domestic problems of his own country would hardly undertake a foreign "crusade" only a few months after getting into power—unless he had a special axe to grind: in this case, Trujilloland's status as the last remaining bastion of anti-communism in the Caribbean basin.

● Meanwhile, Castro's denial of elementary freedoms in his home country continues apace. The right of *habeas corpus* was suspended immediately after Castro came to power, prompting the grim quip—amidst the continued killings—that *"habeas cadaver"* has replaced this ancient protection against arbitrary imprisonment.

Castro has also postponed general elections in Cuba—last week pushing the interval before they could be held up to four years. He has raised the ante progressively, from one year, to 18 months to two years—then to four. This action renders farcical the argument that pro-Red Castro is preferable to Batista, because the latter ran a "dictatorship." Castro's performance to date puts him on a par with the most brutal dictators in the world.

Castro was questioned, on "Meet the Press," about this long delay in instituting democratic procedures. Panelist Lawrence Spivak asked him: " . . . don't you think the Cuban people would be ready for democracy before four years?" Castro's answer: "Yes, but you cannot impose on the people the free election if the people don't want it."

Education: "Liberal" Democrats in the House last week went into high gear in their attempt to drive a behemoth Federal aid to education bill through this session of Congress. An Education and Labor subcommittee favorably reported the Murray-Metcalf bill, which contains provisions which could soon have the Federal Government disbursing almost $5 billion annually for imaginary educational needs.

The fallacy of this legislation was exposed recently by Professor Yale Brozen of the University of Chicago. The education bill, Brozen points out, is designed to take money away from wealthy states (like New York) and to bestow it on poorer states (like Mississippi). Brozen says: "the greatest need for funds is in the very states from which the money will be taken. School age populations have increased 46 per cent since 1940 in the 12 highest income states, which would pay the largest part of the Federal aid program. In the 12 lowest income states, which would receive the Federal aid, school age populations have risen only nine per cent since 1940. In other words, the money will be taken from the areas that

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must expand school facilities and will be given to the areas that need much less expansion."

● *In a hard-hitting speech on the floor of the Senate, Senator Styles Bridges (R.-N.H.) backed up this repudiation of Federal aid by treating the example of his own home state. "Under most education proposals," Bridges said, New Hampshire citizens "would be taxed more than the benefits we would receive . . . Under one . . . proposal, New Hampshire would, in effect, be taxed by about $531,000 per year more than the amount of Federal benefits we would receive." Similarly, Bridges noted, "under the Depressed Areas proposal, we would pay for subsidies designed to lure away our own industries to other areas!"*

Nepotism: The latest episode in the continuing revelations of "nepotism" on Capitol Hill has unearthed the name of Representative George S. McGovern (D.-S.D.), whose political activities were reviewed in HUMAN EVENTS for December 22, 1958 and January 14, 1959. The Washington *Daily News* reported last week that, during the first two months of 1959, McGovern's brother-in-law, one Robert Pennington, was on the Congressman's payroll as an $8667-a-year assistant—while still earning salary as a full-time professor at Dakota Wesleyan University. Pennington, the *News* disclosed, is the second relative of McGovern appearing on the congressional payroll. A brother, Lawrence, earns $4725-a-year as a Capitol policeman.

Unemployment: Amidst the artificial furor stimulated by Walter Reuther and Co. concerning the problem of US unemployment, some skeptical officials are turning a critical eye on the statistics being tossed about on this subject. They conclude that the true unemployment figure is considerably lower than the 4.3 million officially reported at the end of March.

Representative Edgar W. Hiestand (R.-Calif.) estimated last week that the real tally is closer to 1.5 million than to the total given in the official summary. Hiestand pointed out that many persons included in the figure are "in between" jobs, either by their own choosing or because of temporary layoffs caused by changes in production schedules, *etc.*; that, as usual, many housewives, having recently resigned from jobs to become full-time homemakers, are now collecting unemployment compensation. And, Hiestand said, "as everybody knows, a certain number of 'drifters' appear regularly on the unemployment rolls of every community. They work awhile, until they've built up unemployment credits, then they just lay off for awhile."

Sometimes, the Congressman pointed out, unemployment compensation offices attract even the wealthy.

Hiestand relayed the case of a man "worth about three quarters of a million," who said that he'd been paying unemployment taxes for hundreds of employees all these years, and now he was going to collect a little of it back. And he did. He's one of the 4.3 million currently listed as "unemployed."

Goldwater: The young Republican leader from Arizona has been busy in the past ten days tearing down the idols of "liberalism" and saying what the people of the country are saying — in tones rarely heard from US political leaders.

In a speech in Jackson, Mississippi, Goldwater said that he regarded Chief Justice of the Supreme Court Earl Warren as a socialist and deemed him unfit to head the Court. He said he had advised President Eisenhower that he did not like the appointment of Warren because the latter "hasn't practiced law in 25 years, has never been a judge and is a socialist."

Then Goldwater went to work on Senator J. William Fulbright (D.-Ark.), now the totem of the appeasement tribe, because Fulbright (and Senator Morse) questioned the fitness of Mrs. Clare Boothe Luce (former Ambassador to Italy) to serve as Ambassador to Brazil. Morse and the Arkansas Democrat brought up the fact that 15 years ago Mrs. Luce claimed "Roosevelt lied us into World War II." (Mrs. Luce retorted with a half dozen books of history supporting the statement.)

Goldwater said that Fulbright and Morse, by digging up a historical controversy of many years ago, which had no relevance to Mrs. Luce's competence as an Ambassador, were engaging "in the same tactics which they accused the late Senator Joe McCarthy of using."

Then the versatile Arizona legislator turned his attack on another quarter—that of the socialistic public power advocates: "There was a time," he said, "when the vehicle used for Government competition and expansion was hydroelectric development; but that time has passed. You now have the atom. That puts the threat of a Government power plant in any area, be it Maine or Chicago.

"Why are Government power advocates so active in supporting Federal development of power from the atom? . . . It is not because it means cheaper power. . . . It is argued, and many people think it is logical, that the Federal Government should take the lead in constructing atomic power plants. So the atom may replace hydro as the vehicle to get the Government into the steam power business."

DONALD J. MILLET, Professor of Social Studies, McNeese State College, Lake Charles, La.: "I want you to know that I value my copies of HUMAN EVENTS as a ready source of information when I need it, collateral reading for students of history and government and ideas for addresses that I give to civic and cultural organizations from time to time."

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Article Section II

Does 'Big' Business Kill Competition?

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The Facts Don't Support This Collectivist Cliche

By JOHN CHAMBERLAIN

This article is extracted from John Chamberlain's new book, The Roots of Capitalism, *published by D. Van Nostrand Company, Inc., ($5.50). It appears here with permission of the publisher.*

"BIG" BUSINESS, long a vaguely defined whipping boy for "liberal" politicians and educators, is beginning to find some friends.

The ruling school of economists have frequently held that there was something inherently evil with large-sized industrial firms, and have sought to make business growth a pretext for Governmental intervention. But their reasoning doesn't stand up under examination.

Waddill Catchings, in a brilliant piece of pamphleteering called *Do Economists Understand Business?*, says it is "currently being taught in every school and college throughout the US" that bigness has destroyed competition. The statement may be extreme, but it is true that the texts in use in a large number of colleges do slant things that way. The statistical underpinning for this slant goes back to the 1930's, when Adolf Berle and Gardiner Means were arguing that in 30 or 40 years, at the then-current rate of growth, all corporate activity would be in the hands of 200 corporations. The presumption piled on top of the Berle-Means curves is that 200 corporations could not be trusted to satisfy the wants of the American people at progressively lowered prices for an ever-increasing output.

In his book, Big Enterprise in a Competitive System, *S. D. H. Kaplan quite effectively demolishes the long-term applicability of the Berle-Means study. Between 1929 and 1948, the annual national income rose from $87 billion to $223 billion; but in this same span of time the profits of the large corporations dropped from 6.1 per cent of the national income to 5.7 per cent. While this was happening the profits of smaller corporations rose from 5.4 per cent of the national income to 8.1 per cent, and the profits of unincorporated business jumped from 15.9 per cent of the national income to 17.8 per cent.*

Farming as an individual occupation has fallen off in the past quarter-century; in 1929 there were 5.6 million farm proprietors, while in 1950 the number had declined to 4.4 million. The drop represented a decrease of farm proprietors from 12.2 per cent of total employment to 7.4 per cent. But meanwhile the active proprietors of business firms increased from 4.1 to 5.4 millions, or from 8.9 per cent of total employment to 9.3 per cent. So, as Kaplan says, "on balance, the number of self-employed kept pace with the growth of population."

Even though the big haven't been eating up the little, it might be argued that America is no longer a place where the little can aspire to become big. But here, again, Kaplan proves the case for opportunity. He does this by comparing lists of the 100 largest corporations for 1909, 1919, 1929, 1935 and 1948. What the comparative lists go to prove is that the top, as Kaplan says, is an extremely slippery place. The list has changed continuously and only 36 of the 1909 giants were still in the first 100 in 1948. Two companies which considerably improved their positions over the years—General Electric and Du Pont—did so by changing the entire nature of their product mixes.

WHAT THE COMPARATIVE lists demonstrate is that competition continually winnows the field, forcing ceaseless change. The lists even manage to bear out the sardonic dictum of the old trust-buster, Thurman Arnold, that the easiest way to make money is to invade a supposedly "monopolized" field. For example, in 1909 Standard Oil of New Jersey had assets greater than those of all the other members of the oil industry combined. Although the parent Standard Oil Company has grown greatly since 1909, notwithstanding the separation of its subsidiaries, its percentage in petroleum now represents a minor fraction of the expanded industry's total. In 1948, Standard of New Jersey had to share its place of leadership with its former subsidiaries, now independent, and with eleven other oil companies, only two of which were on the list in 1909.

Steel is another case in point. In 1909, the US Steel Corp., which had over two-thirds of the business in its field at the time of its formation, was still the country's number one behemoth. There were, however, 13 other steel firms represented among the first 100 companies. In 1948, there were nine steel companies remaining among the hundred largest corporations. Of these nine, only four were survivors from 1909. Five of the 1948 steel giants were newcomers who had bucked their way upwards in a supposedly monopolistic area. In the order of their size, they were National Steel, Armco Steel, Youngstown Sheet and Tube, Inland Steel, and Wheeling Steel. These had displaced such companies as Colorado Fuel and Iron, Crucible, and Sloss Sheffield from the list. (Challenged by the relative newcomers and by the prodigious growth of Bethlehem, Republic, and Jones & Laughlin, US Steel itself now does only one-third of the business in steel.)

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The modern competitiveness of steel has waxed over the years because the industry itself, far from making the same old product, has been engaged in providing more and more alternatives, more and more effective choices, for the consumer. Where the industry once sold carbon steel, in the forms of rails, structural shapes and plate, it now takes color from the chemical industry, becoming a vast proliferation of special steels, with plenty of room at the bottom for small companies with electric furnaces and new alloying formulas. And the products of steel compete with wood, plastics, and all the other metals.

Steel, though it is obviously basic to the economy, no longer bulks as large investment-wise as it did in the early years of the century. This is an index to the plain fact that there are many substitutes for steel in plastics, in wood products, in glass, in aluminum and other non-ferrous metals. To meet substitute competition, Republic Steel, the third-ranking producer in the Nation, has even gone in for manufacturing plastic pipe. Other steel companies are interesting themselves in titanium, and in zinc and aluminum-coated steel.

THE IMPULSE to cartelize in America had a brief run for its money in the 'eighties and 'nineties, but it soon ran afoul of the national temperament, as expressed in the Sherman Act. To solve the problem of diminishing returns, the American corporation turned from the philosophy of "contrived scarcity" to the opposite philosophy of "contrived fecundity."

This fecundity has been expressed in the continuous process of remaking the market by altering the nature of the product from year to year. The "remade market" in steel has substituted light automobile sheets for heavy sheets, stainless for ordinary hard steels in cutlery, coated plate for old fashioned tin plate. In aluminum, next to nickel the most traditionally "monopolistic" of the metal industries, market saturation has been avoided by pushing outward from the household utensil market, where the competition with copper and heat-resistant glass is fierce, into the electrical transmission, building, automotive, and aviation fields. As Professor Kaplan shows, the agile company always supplies its sales force with new products, or drastically restyled old products, whenever a given product mix appears to be approaching the point of no-profit return.

The competition in innovation—which is the American idea of the perfect model of competition—has been carried to the point where, far from seeking market-sharing agreements, virtually everybody is now playing in everybody else's backyard. Management advisory companies now make lush livings in offering consultation on the art of "planned diversification." It was considered a joke when Aaron Burr's water company, the Manhattan Company, established a bank called the Bank of the Manhattan Co. But this is nothing in comparison with some of the strange amalgams of recent history.

Today we see an Olin-Matthieson engaged in making firearms, shells, paper, cellophane, and caustic soda, and even taking a flyer in aluminum. We see a Clevite going from automobile parts to electronics; a Thompson Products shifting all its emphasis; an H. K. Porter Co. raying out from switching locomotives to steel, firebrick, rubber, and electrical devices; a General Mills adding a mechanical division (precision gearing electronic systems) to its old business of making flour; a W. R. Grace and Co. expanding from steamships into fertilizer, plastics, airlines, outdoor advertising, coffee, and paint; a General Tire & Rubber Co. making rocket motors and plastics; and a Rockwell Manufacturing Co. developing a line of products that includes gas meters, power tools, valves and electrical conduit fittings.

Oil companies, deep in the new applied science of petrochemicals, have developed synthetic glycerine processes (bringing them into competition with soap-makers); and have produced toluene, hitherto a coke-oven product. As for the old-line chemical companies, which once reigned supreme in the nitrogen field, they are faced with competition from a dozen oil and gas companies which have invaded this territory.

All of this makes price-fixing and market-limitation and the other devices of cartelization a practical impossibility in the US. How could Allied Chemical & Dye and American Cyanamid, for example, ever hope to come to an agreement on nitrogen fertilizers when a new nitrogen manufacturer is appearing on the horizon every other month? And what will the chemical and oil companies now deep in the fertilizer business do if the new process of shaking nitric acid out of the atmosphere, by pushing air through wind tunnels at high speeds, ever comes to something? They will find ways of meeting the competition or, if they can't, they will turn to other products. And in either case the consumer will win.

Indeed, so keen is the competition in some areas that Congress, taking alarm, has sought to offset its own anti-trust legislation in certain "fair trade" fields. But the rise of the discount house and the ubiquity of the under-the-counter deal make "fair trade" laws a dead letter. On the other hand, the Sherman Anti-Trust Act continues to work its overall watchdog magic. As Waddill Catchings has indicated, the effectiveness of the Sherman Act does not reside in its positive enforcement by the Department of Justice. Its effectiveness derives from a simpler consideration: as long as it is on the books, cartel agreements in America are not sustainable in law.

This means that the maverick can go his own way, cutting a price here, invading the Detroit area with a steel mill there. There can be no retribution as long as the law is on his side.

John Chamberlain is a frequent contributor to the *Wall Street Journal*. He is a former editorial writer for *Life* magazine and book reviewer for *The New York Times*.

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Article Section I

Taft's Legacy and the 1960 Elections

A Massive Reformation Must Precede Victory

By THE HON. HOWARD BUFFETT

WHEN A PERSON goes to a medical clinic, the doctors usually spend little time studying the current aspects of his illness. Instead, they search back into his history, and even want to know the physiological history of his ancestors. Doctors have found that many serious physical ailments have roots stemming back to earlier generations.

Similarly, conservatives surprised at what happened last November need to probe deeper than the glib explanations of journalistic wonders who pontificated about the results within a few hours after the votes were counted. The illness of the conservative cause is not so easily diagnosed.

To comprehend the full tragedy of that election, two significant facts should be recalled. In 1932 Democrat Franklin D. Roosevelt ran on conservative principles and conservative promises, spelled out again and again in the campaign. Even though the Nation was in a serious depression, the people elected Roosevelt. His victory was overwhelming.

Twenty years later the Republican nominee, Dwight Eisenhower, running on a conservative platform and making conservative promises, also won an overwhelming victory.

But the November election six years later found the GOP defeated, discredited, and reduced to a divided minority at county, state and national levels.

What caused this debacle? Was it because President Eisenhower, despite his conservative promises, had continued and expanded the New Deal? If so, how did the Republican party come to nominate him, when the GOP was ostensibly controlled by genuine conservatives?

Here we are getting close to the heart of the problem. The GOP, when judged by its Presidential candidates, has not been in the control of conservatives since back in the 'thirties. For its selections, Wendell Willkie in 1940, Thomas Dewey in 1944 and 1948, and Dwight Eisenhower in 1952, were not conservatives. Then why were they nominated? Because the East Coast interests who picked them were able to control the nominating machinery at the Presidential conventions.

How did they do it? Those backroom manipulations are not reported to the public, and you can expect that they never will be. Some parts of the story of how Robert Taft had the nomination taken from his grasp by shocking tactics came out at the time, but even little of that story was ever told.

Now the full effect of the political crucifixion of Robert Taft has arrived. In fact, one might say with considerable accuracy that the bombshell that hit the GOP in 1958 was constructed and the fuse lit at the 1952 convention. Let's appraise some sobering consequences of the rejection of the Ohio Senator.

By friend and foe alike, Robert Taft was known as Mr. Republican. He had been the GOP flag-bearer in the Senate for a decade or more. He was respected by leaders in both parties for his courage, integrity, ability and political experience. If anyone in America had earned and was qualified for the Republican nomination for President, that man was Robert Taft.

MOREOVER, he had the ability in the late 'forties to challenge and defeat the labor bosses who even then were threatening our industrial progress. It was Robert Taft who, while certainly not singlehandedly, still was the decisive factor in the passage of legislation, the Taft-Hartley bill, to restrain labor excesses. And he did more. In 1950 Robert Taft took on by himself the combined forces of all labor organizations in his fight for re-election, and licked them overwhelmingly. Only two small, traditionally Democratic counties in Ohio gave a majority to his opponent.

Following this magnificent service to our free enterprise system, and conservatives generally, what happened? Many of the same industrialists for whom he had risked his political life came to the Chicago convention to defeat him. Also many GOP politicians, both jealous of his integrity and panic-stricken by the phony slogan, "Taft Can't Win," deserted the great leader.

Today many of these politicians, to whom public office is everything and principles simply sweet words to use as "campaign oratory" (Willkie), are looking for jobs. When they and the businessmen decided that victory was more important than nominating a candidate who had earned their trust, they set the stage for 1958.

What do I mean? Honest and able men of the Nation, in and out of politics, consciously or unconsciously learned something in 1952 about GOP politics that they had not known before. They learned that the Republican party at the top was controlled by men with a strange sense of honor.

Suppose the young man thinking of running for office would consider what happened to Robert Taft? Would he not say to himself, "If that is the kind of treatment I can expect if I go into politics and do a good job, then I guess I'll be smart and stick to a business or profession. There, at least, I will get what I deserve."

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In coming to this conclusion, the ambitious young man would have taken into account that Taft was not edged out by another able and experienced GOP leader, but by an outsider with no record of loyalty to the party and no experience in public office.

But the disintegration of the GOP did not stop with the Presidential nomination of a complete outsider. Staffed with Modern Republicans, the "palace guard" went out to liquidate the conservative backbone of the partv. During Ike's first weeks in office, a list of Taft Republicans to be purged was prepared at the White House.

In this strategy the Modern Republicans did not make Roosevelt's mistake of announcing their aims. Instead they laid their plans secretly and no public exposure of their tactics ever appeared. The frequent disappearance of conservative Republicans from public office and political influence in the following years was mute testimony to the effectiveness of this liquidation policy.

But one Taft Republican had too impressive a following to be disposed of quietlv. That was Senator Joe McCarthy. Probably no Republican in America had done more to get Dwight Eisenhower elected than the Senator from Wisconsin.

It was his crusade against Communist influence in our Government that caused hundreds of thousands of Catholic voters to forego long-standing allegiance to the Democratic party and vote Republican for the first time in their lives. In states with large nationality-conscious blocs of voters, Senator McCarthy had knocked down the racial and religious barriers.

TRAGICALLY FOR AMERICA, the political assassination of McCarthy by Senate censure, directed from the White House, undid at one stroke all the gains that McCarthy had brought about. The Democratic political bosses were jubilant, for the practical effect was that Democrats who believed in McCarthy's conservative stand concluded that they were not wanted in the Republican party. Back they went to the Democrats—fast.

Where does all this leave the conservative who is willing and anxious to start to work in 1959 for a conservative victory at the polls in 1960?

Some well-wishers say that conservatives must begin to hustle right now at the grass roots, work their way up in the GOP organization so that they can demand and get a conservative GOP nominee in 1960.

Let's consider this suggestion, starting with the Southern states where GOP Presidential convention delegates, to say the least, are factors in a strange system. Since 1940 the Eastern internationalists have mostly controlled the votes of the Southern delegates to the national convention, even when (as in Texas) they had to round up Democrats for the purpose of electing Republican delegates. Is there any reason to believe they don't have the political levers to continue to do it?

Then take the big states like New York, Pennsylvania and California. Does anyone really think that a successful rebellion against New York City influence will take place in the Empire State? Or have they developed since 1952 a breed of brave men who are economically independent enough, and likewise willing to defy all the tactics of pressure that politicians and money can devise?

Does anyone have a plan that will assure a majority of delegates who cannot be swayed by political or financial pressure once they get to the convention? Few Americans today have as much economic independence as did those of 30 or 40 years ago. Their political independence disappeared when their personl well-being became tied in with nation-wide organizations.

Perhaps someone can work out a program that will solve the problems outlined, and others in the same category. If so, this is the time to come up with the answers. There are a host of conservatives over the country who would like to work now for a conservative Republican party, but only—and this is a big "but only"—if they can obtain reliable assurance that 1960 will not be a repeat of 1952 and preceding conventions.

Thousands of Republican conservatives worked hard in 1952 to get Taft nominated, only to find that their earnest enthusiasm lined up votes for a party that betrayed them at Chicago. It seems reasonable to conclude that they won't be trapped again. The trend is apparent in the resignation of the vice chairman of an important Republican state, who reportedly declared she was not going to work for another Modern Republican victory. Others, less outspoken, are dropping out of GOP activities unobtrusively.

Obviously the difficult alternative available to conservatives is to work for a new party—a second party, if you please, for we have today in action three socialist parties, the one that calls itself Socialist, the Democratic party and the Modern GOP. If the GOP doesn't undergo a massive reformation, then the way to set the stage for a genuine conservative party is for the GOP to get drastically drubbed in 1960. Any way you look at it, a political party without principles to give voters a choice in directing the course of government, is as obsolete as a vermiform appendix.

This brings us back where we started. Conservatives, like the medicos, will only succeed as they get at the source of their current plight. That means a way must be found to overcome those who have made the historically conservative GOP into a clumsy facsimile of the New Deal. Unless a winning strategy for this goal is developed in 1959, a new party is the only real hope for conservatives.

Howard Buffett is a former four-term Republican Congressman from Nebraska, who voluntarily retired in 1952 to return to private business. His most recent contribution to HUMAN EVENTS was "Portents of 1960: One Man's Guess," Sept. 7, 1957.

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